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Wage Price Index, Australia

The WPI measures changes in the price of labour, unaffected by compositional shifts in the labour force, hours worked or employee characteristics

Reference period December 2022

Released 22/02/2023

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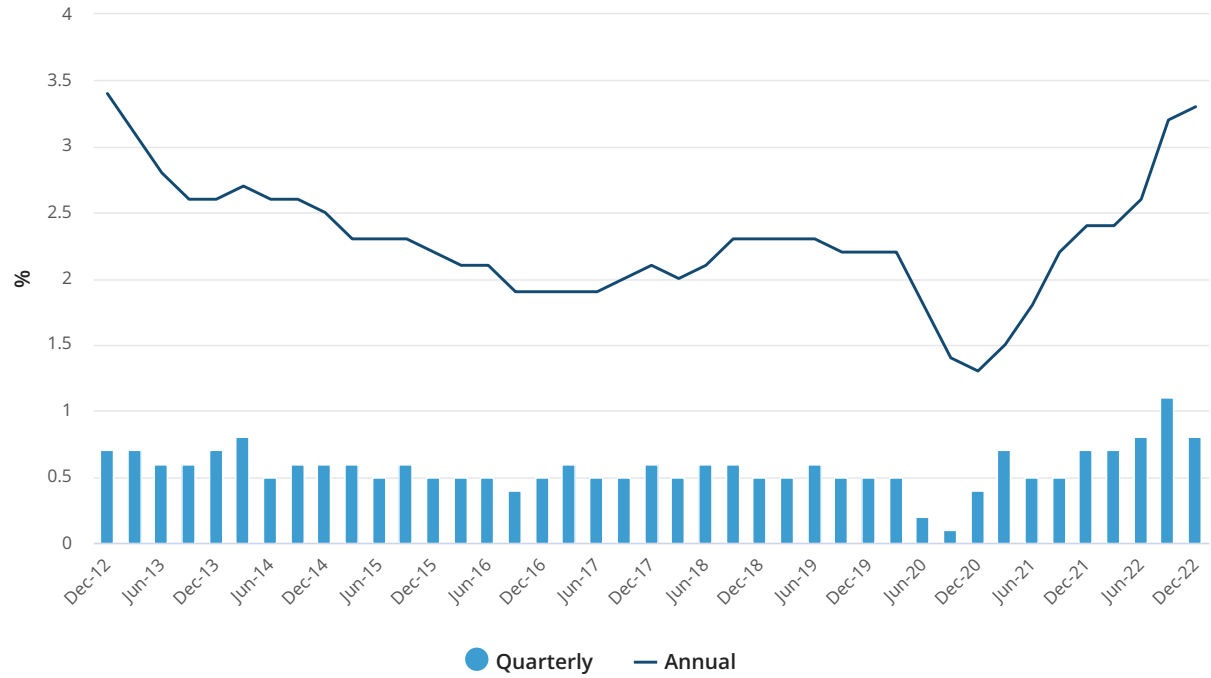
Key statistics

In December quarter 2022 the seasonally adjusted WPI:

- Rose 0.8% this quarter and 3.3% over the year.
- The private sector rose 0.8% and the public sector rose 0.7%.

Main features

All sector WPI, seasonally adjusted, quarterly and annual movement



Wage Price Index (WPI) Total hourly rates of pay excluding bonuses

	Sep Qtr 2022 to Dec Qtr 2022 % change	Dec Qtr 2021 to Dec Qtr 2022 % change
Trend(a)		
Australia	0.8	3.4
Private sector	0.9	3.6
Public sector	0.6	2.5
Seasonally Adjusted(b)		
Australia	0.8	3.3
Private sector	0.8	3.6
Public sector	0.7	2.5
Original		
Australia	0.8	3.4
Private sector	0.8	3.6
Public sector	0.8	2.5

a. See Interpretation of index numbers, Trend estimates on the Methodology page.

b. See Interpretation of index numbers, Seasonally adjusted indexes and Seasonal analysis methods on the Methodology page.

Overview

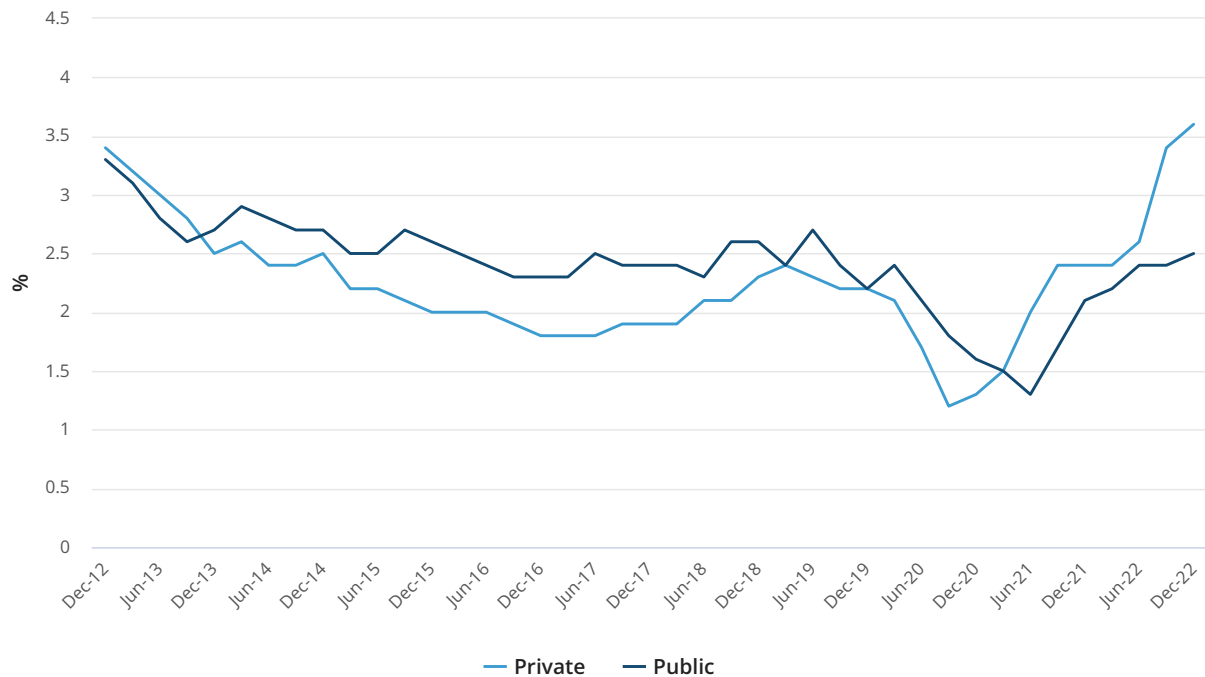
Annual growth lifts across private and public sectors

Seasonally adjusted private sector wages rose 0.8% over the December quarter 2022. Through the year growth for the sector lifted to 3.6%, the highest rate recorded for the sector since September quarter 2012.

Public sector wages rose 0.7% over the quarter. Although through the year public sector growth continued to track below private, the series recorded the highest annual growth (2.5%) since June quarter 2019.

Private and public sector wages rose by similar amounts over the quarter however, the much larger size of the private sector meant it was still the driver of Australian wage growth.

Annual wage growth by sector, seasonally adjusted

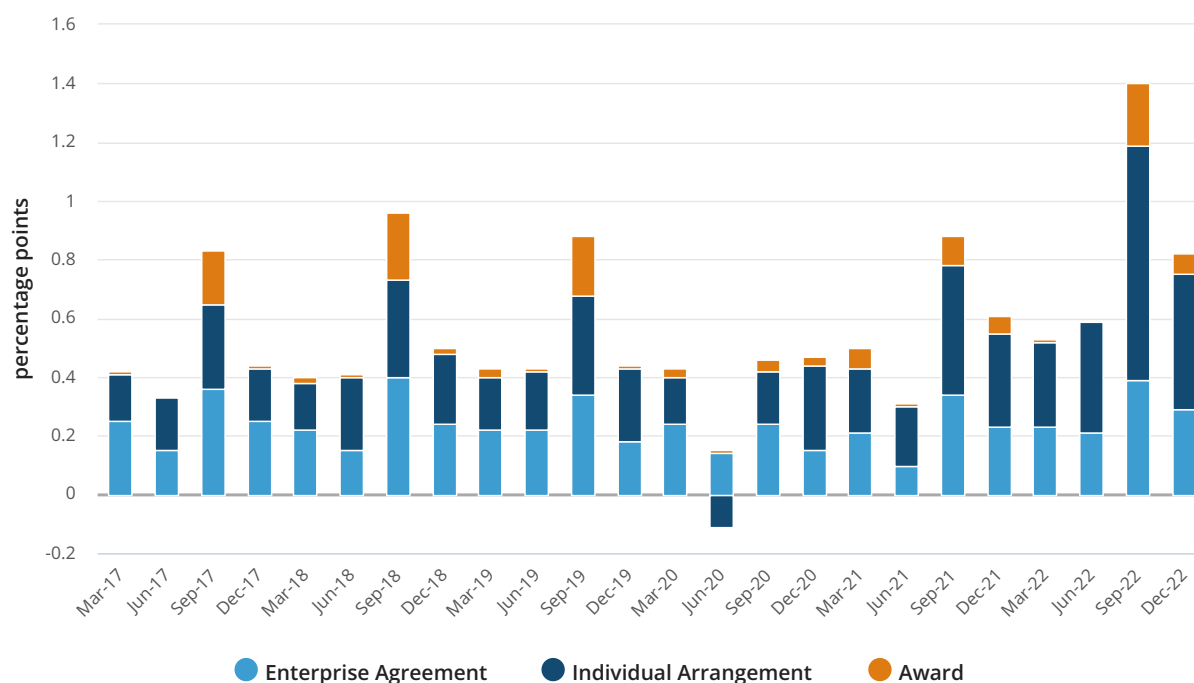


Market sensitive jobs strongest contributor to wage growth

Jobs covered by an individual arrangement were the main drivers of wage growth in December quarter 2022. Fewer jobs covered by this pay setting method received wage increases over the quarter compared to jobs covered by an enterprise agreement, however, jobs covered by an individual arrangement received higher average increases.

Many jobs covered by an individual arrangement are market sensitive and tend to react more quickly to labour market conditions. Ongoing demand and competition for skilled labour resulted in employers passing on wage increases to retain or attract occupants of key roles.

Contributions to wage price index, by method of setting pay



The proportion of Australian jobs covered by an individual arrangement has increased steadily since 2017. In December quarter 2017 WPI the proportion of jobs covered by an individual arrangement was 36%, lower than the proportion covered by an enterprise agreement (49%). In December quarter 2022 the proportion covered by both pay setting methods was the same (43%).

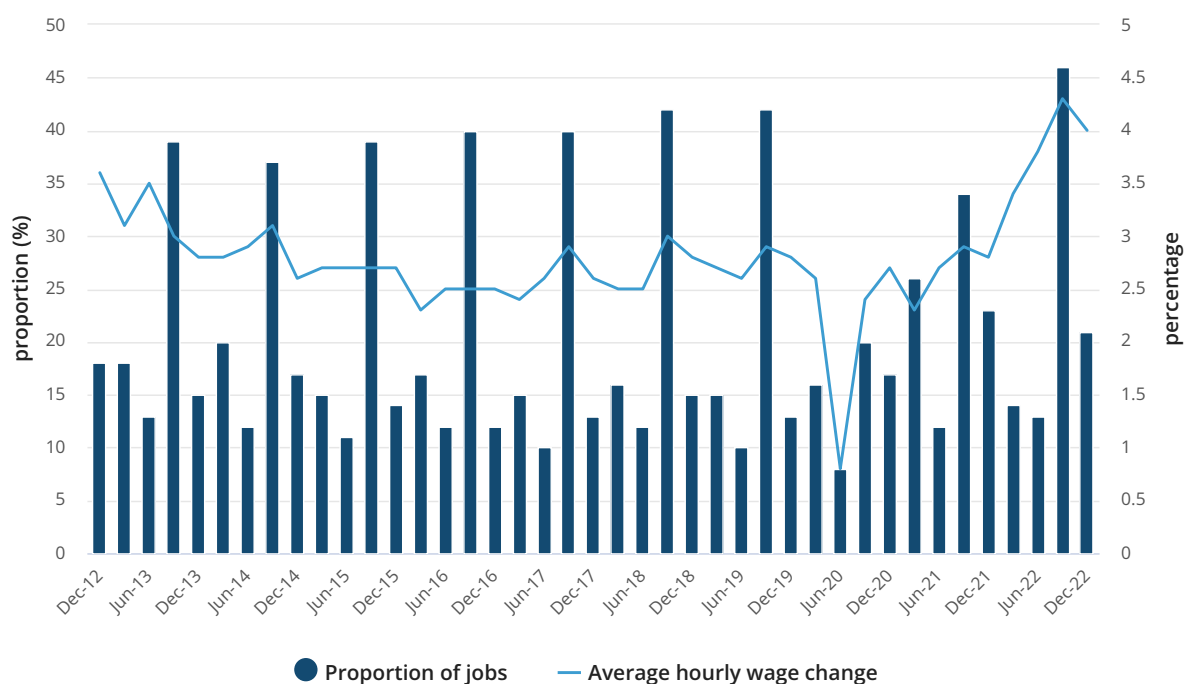
This year the Fair Work Commission Annual Wage Review decision issued increases for award wages of between 4.6% and 5.2%. The increases in award wages were scheduled to be paid in two stages, with award-based rises to hospitality, tourism and aviation jobs paid in the December quarter 2022. All other award-based rises were paid in the September quarter 2022.

Sector wage growth

Private sector

The proportion of private sector jobs recording a wage movement this quarter was 21 per cent, slightly smaller than the 23 per cent in December quarter last year. For this subset of jobs, the average hourly wage increase was 4.0%, compared to 2.8% in the same quarter of last year. In response to tightening labour market conditions, employers paid higher increases in regular and ad hoc salary reviews.

Quarterly wage dynamics in the private sector

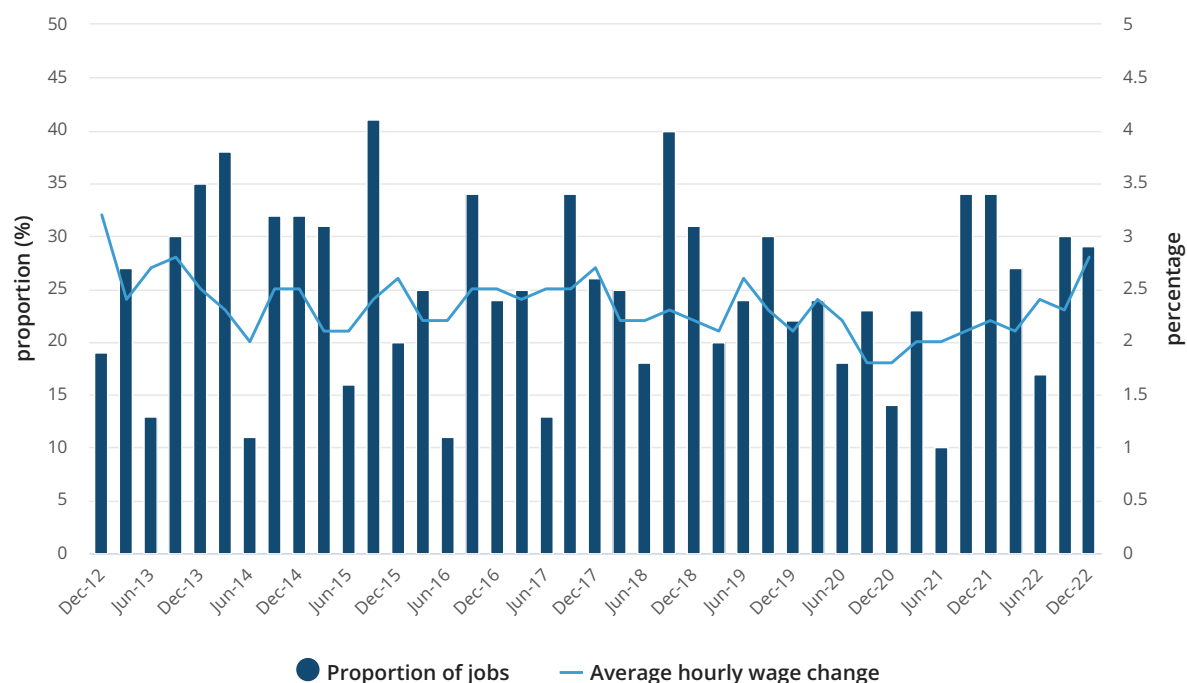


Footnote: average hourly wage change only includes jobs recording a wage movement between quarters

Public sector

The average hourly wage increase for public sector jobs that recorded a wage movement was higher than in the same quarter last year (2.8% compared to 2.2%). This was a result of higher state wage caps, interim arrangements for Commonwealth agencies and enterprise agreements benchmarked against CPI. The average increase in the sector has been gradually climbing since 2020.

Quarterly wage dynamics in the public sector



Footnote: average hourly wage change only includes jobs recording a wage movement between quarters

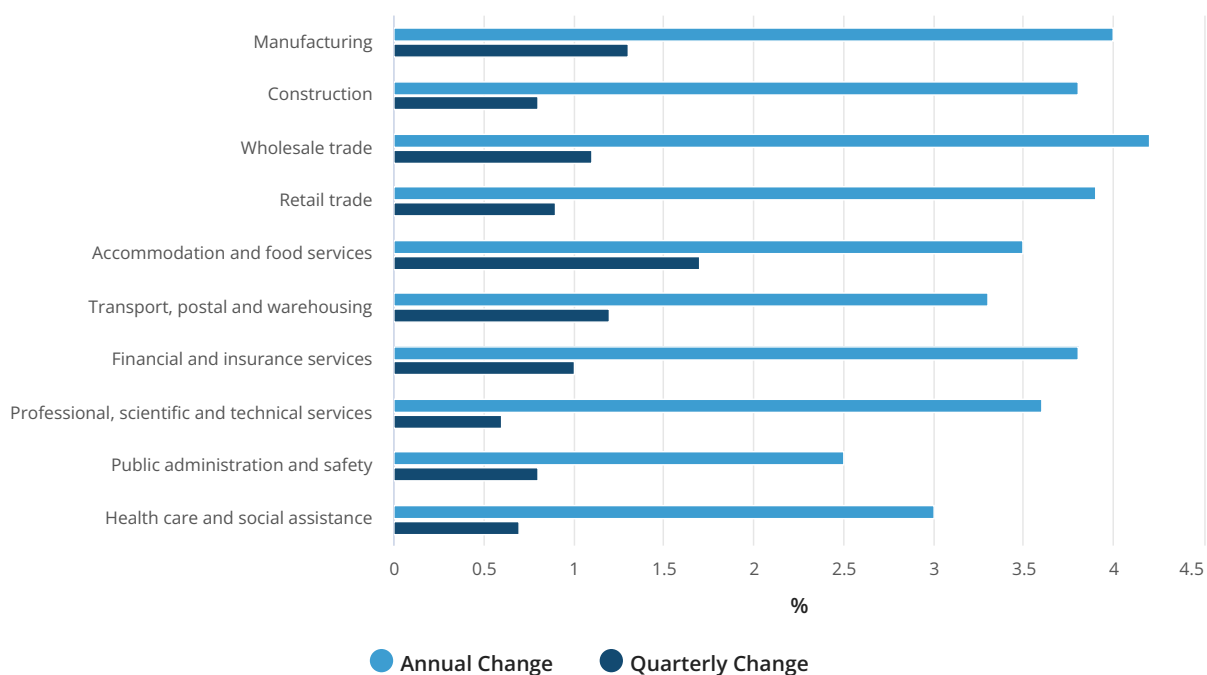
Industry wage growth

Original estimates:

- Jobs in the Health care and social assistance (0.7%), Manufacturing (1.3%) and Professional, scientific and technical services (0.6%) industries were the main contributors to growth reflecting both the size of these industries and the number and size of wage increases.
- The Accommodation and food services industry recorded the highest quarterly growth at 1.7%. Growth in this industry was mainly driven by the size and timing of the Fair Work Commission Annual Wage Review's deferred increases for modern awards in the hospitality and tourism industries.
- The Administrative and support services industry recorded the lowest quarterly growth (0.3%).
- The Wholesale trade industry recorded the highest annual growth (4.2%), and the

Education and training industry recorded the lowest annual growth (2.4%) across industries.

Annual and quarterly movement - selected industries



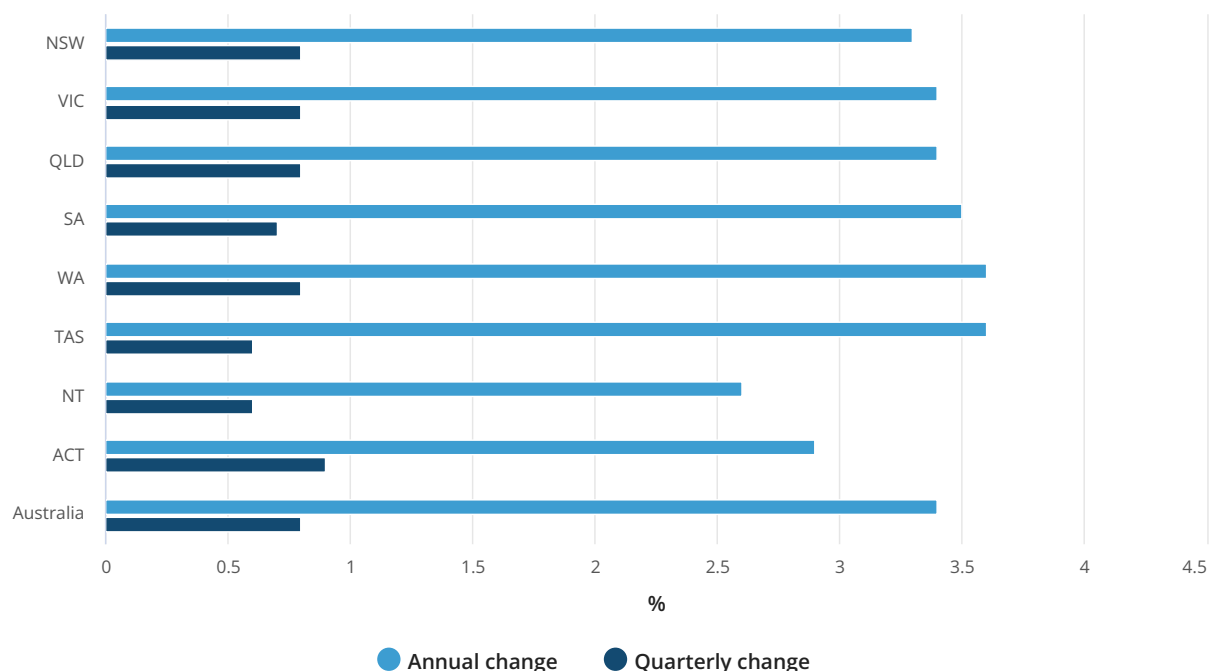
Footnote: Main contributing industries to the Australia level index, ordered by ANZSIC 2006 industry classification

State and territory wage growth

Original estimates:

- The Australian Capital Territory had the highest quarterly growth at 0.9%. Tasmania and Northern Territory recorded the lowest quarterly growth at 0.6%.
- Western Australia and Tasmania recorded the highest through the year growth at 3.6%. The Northern Territory recorded the lowest annual growth at 2.6%.

Annual and quarterly movement - states and territories



Foot note: Index series is original, total hourly rates of pay excluding bonuses

Survey impacts and changes

Seasonal adjustment and trend

In June 2020, due to the large and unusual impact of COVID-19 on the economy, the private and All Sector series of the Wage Price Index were moved to the “forward factors” method for seasonal adjustment. This method (as described in the article on [Methods changes due to COVID-19 \(/articles/methods-changes-during-covid-19-period#abs-trend-and-seasonal-adjustment-during-covid-19\)](#)) is better suited in an uncertain environment as the seasonal factors are fixed for a 12 month period. The public sector series remained using the “concurrent” adjustment method, as the disruption was not observed in this sector. The trend estimates were suspended for all series at this time.

The ABS completed their annual review of seasonal adjustment in the WPI in June 2022 and

as a result reverted all series to “concurrent” adjustment, as the series had stabilised. The ABS also reinstated the trend estimates for all series in the WPI in June 2022.

Data downloads

I-Note

The wage price indexes in Tables 1, 2b, 3b, 4b, 5b, 7b, 8b and 9b are updated and released every quarter. The corresponding financial year wage price indexes in Tables 2a, 3a, 4a, 5a, 7a, 8a and 9a are updated and released each June quarter for the preceding financial year. There are no financial year indexes created for Table 1.

Time series spreadsheets

⬇ Download all (1.13 MB)

Table 1. Total hourly rates of pay excluding bonuses: sector, original, seasonally adjusted and trend

⬇ [Download XLSX](#)
[62.88 KB]

Table 2a. Total hourly rates of pay excluding bonuses: all sectors by state, original (financial year index numbers for year ended June quarter)

⬇ [Download XLSX](#)
[51.22 KB]

Table 2b. Total hourly rates of pay excluding bonuses: all sectors by state, original (quarterly index numbers)

⬇ [Download XLSX](#)
[64.58 KB]

Table 3a. Total hourly rates of pay excluding bonuses: private sector by state, original (financial year index numbers for year ended June quarter)

⬇ [Download XLSX](#)
[51.23 KB]

Table 3b. Total hourly rates of pay excluding bonuses: private sector by state, original (quarterly index numbers)

⬇ [Download XLSX](#)
[64.57 KB]

Table 4a. Total hourly rates of pay excluding bonuses: public sector by state, original (financial year index numbers for year ended June quarter)

[!\[\]\(cead67df4d82d6c83effe4f8699a7d8f_img.jpg\) Download XLSX](#)

[51.3 KB]

Table 4b. Total hourly rates of pay excluding bonuses: public sector by state, original (quarterly index numbers)

[!\[\]\(4729e517bc6a7cd81c8025b9646574fb_img.jpg\) Download XLSX](#)

[65.05 KB]

Table 5a. Total hourly rates of pay excluding bonuses: sector by industry, original (financial year index numbers for year ended June quarter)

[!\[\]\(cbe2492b119e39e02a1dab2af4a4b296_img.jpg\) Download XLSX](#)

[73.93 KB]

Table 5b. Total hourly rates of pay excluding bonuses: sector by industry, original (quarterly index numbers)

[!\[\]\(5361750c22c4e047a52f4eac1ec2d4cc_img.jpg\) Download XLSX](#)

[137.32 KB]

Table 7a. Hourly rates of pay including bonuses: sector, original (financial year index numbers for year ended June quarter)

[!\[\]\(0d5ec72f61334709c3fc9450209b754f_img.jpg\) Download XLSX](#)

[49.15 KB]

Table 7b. Hourly rates of pay including bonuses: sector, original (quarterly index numbers)

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[57.83 KB]

Table 8a. Ordinary hourly rates of pay excluding bonuses: all sectors by state, original (financial year index numbers for year ended June quarter)

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[51.25 KB]

Table 8b. Ordinary hourly rates of pay excluding bonuses: all sectors by state, original (quarterly index numbers)

[!\[\]\(c15650232aa6660c9deb34f3b82dcb72_img.jpg\) Download XLSX](#)

[64.6 KB]

Table 9a. Ordinary hourly rates of pay excluding bonuses: sector by industry, original (financial year index numbers for year ended June quarter)

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[73.87 KB]

Table 9b. Ordinary hourly rates of pay excluding bonuses: sector by industry, original (quarterly index numbers)

[!\[\]\(0aaea5eb29549a0c507a518cbdd818a0_img.jpg\) Download XLSX](#)

[137.31 KB]

All WPI series: original (quarterly index numbers)

↓ [Download XLSX](#)

[129.08 KB]

All WPI Series: original (financial year index numbers for year ended June quarter)

↓ [Download XLSX](#)

[84.54 KB]

Data cubes - 6345.0 Distribution of expenditure on wages, wage price index, Australia

↓ [Download XLSX](#)

[162.86 KB]

Create your own tables and visualisations with Data Explorer

Caution: Data in Data Explorer is currently released after the 11:30am release on the ABS website. Please check the reference period when using Data Explorer.

[Wage Price Index \(https://explore.data.abs.gov.au/vis?fs\[0\]=ABS%20Topics%2C1%7CECONOMY%23ECONOMY%23%7CPrice%20Indexes%20and%20Inflation%23PRICE_INDEX_INFLATION%23&pg=0&fc=ABS%20Topics&df\[ds\]=ABS_ABS_TOPICS&df\[id\]=WPI&df\[ag\]=ABS&df\[vs\]=1.2.0&pd=2020-Q1%2C2021-Q2&dq=.THRPEB..TOT..AUS.Q&ly\[cl\]=MEASURE&ly\[rw\]=TIME_PERIOD&ly\[rs\]=TSEST%2CSECTOR\)](https://explore.data.abs.gov.au/vis?fs[0]=ABS%20Topics%2C1%7CECONOMY%23ECONOMY%23%7CPrice%20Indexes%20and%20Inflation%23PRICE_INDEX_INFLATION%23&pg=0&fc=ABS%20Topics&df[ds]=ABS_ABS_TOPICS&df[id]=WPI&df[ag]=ABS&df[vs]=1.2.0&pd=2020-Q1%2C2021-Q2&dq=.THRPEB..TOT..AUS.Q&ly[cl]=MEASURE&ly[rw]=TIME_PERIOD&ly[rs]=TSEST%2CSECTOR))

For information on Data Explorer and how it works, see the [Data Explorer user guide \(/about/data-services/data-explorer/data-explorer-user-guide\)](/about/data-services/data-explorer/data-explorer-user-guide).

Previous catalogue number

This release previously used catalogue number 6345.0.

Using price indexes

Price indexes in contracts

Price indexes published by the Australian Bureau of Statistics (ABS) provide summary measures of the movements in various categories of prices over time. They are published primarily for use in Government economic analysis. Price indexes are also often used in

contracts by businesses and government to adjust payments and/or charges to take account of changes in categories of prices (Indexation Clauses).

[Use of Price Indexes in Contracts \(https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Inflation+and+Price+Indexes+-+Use+of+Price+Indexes+in+Contracts\)](https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Inflation+and+Price+Indexes+-+Use+of+Price+Indexes+in+Contracts) sets out a range of issues that should be taken into account by parties considering the inclusion of an Indexation Clause within a contract utilising an ABS published price index.

Frequently asked questions

The [Wage Price Index FAQs \(https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Wage+Price+Indexes+FAQs\)](https://www.abs.gov.au/websitedbs/D3310114.nsf/home/Wage+Price+Indexes+FAQs) page has answers to a number of common questions to do with price indexes and the Wage Price Index, in particular.

Methodology

[Wage Price Index, Australia methodology, December 2022](#)